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CHANGING LINKS WITH EUROPE

INTRODUCTION

Europe is one continent, but has a wide variety of cultures and histories. In 1994, 13% of the world's population lived in Europe. The countries of the European Union (EU) alone accounted for 38% of total world exports and 37% of total world imports. However, the majority of European trade is with other European countries ¹.

As Australia has been strengthening its relationship with neighbouring countries in Asia over recent decades (see Australian Social Trends 1996, 'Expanding links with Asia', pp. 10-16), our relationship with Europe has also changed. This article illustrates some of the main changes. Appendix 1 defines the main country groupings in Europe and the former USSR.

EUROPEANS IN AUSTRALIA

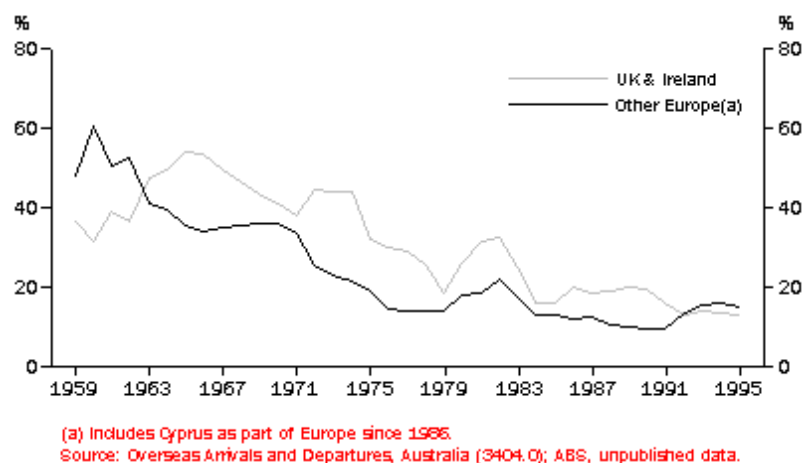
The vast majority of the convicts who arrived in 1788, and of the soldiers who commanded them, were of British origin. The gold rushes in the 1850s and 1860s first brought people from a variety of cultural backgrounds into Australia. However, fears of invasion from Asia and a belief that people from different cultural backgrounds could not live together in one country fuelled a move towards restricting settlers to people from Britain ².

The White Australia Policy (including the Immigration Restriction Act 1901, the Pacific Islanders Labourers Act 1901 and the Naturalisation Act 1903) was a policy of restricting immigration. It included a dictation test in any European language chosen by the administering officer ². This policy continued in practice until well after World War II. Through the 1950s, 1960s and 1970s a number of different European countries contributed, in turn, to Australian settler numbers. Australia began taking settlers first from Northern Europe and later from Southern Europe. By the 1960s small numbers of Asian immigrants were also entering Australia. However it was not until 1973 that the White Australia Policy completely disappeared from Australia.

Settler arrivals

In 1995, 28% of settlers arriving in Australia had been born in Europe. The single largest source for settlers remained the United Kingdom and Ireland (13%) - see graph S2.1. The other European countries from which Australia received more than 1,000 settlers in 1995 were the countries of the former Yugoslav Republics (particularly Bosnia-Herzegovina) and the countries of the former Union of Soviet Socialist Republics.

S2.1 COUNTRIES OF BIRTH OF SETTLER ARRIVALS



The United Kingdom and Ireland has been the largest source of settlers throughout this century. In 1925, 78% of settlers to Australia were British nationals³. In the pre-World War II period (1925-1939), the proportion of settlers who were British nationals averaged 71%. By the late 1940s the proportion had dropped to below half. However it was not until the mid 1970s that the proportion of settlers who were from the United Kingdom and Ireland began to fall dramatically, from 44% in 1974 to 13% in 1995.

The proportion of settlers who were from other European countries was low in the period between the World Wars but peaked in 1960 at 60%. In the same year the proportion from the United Kingdom and Ireland had dropped to its lowest point until 1976, at 31%. Table S2.2 shows the main countries of birth of settler arrivals in 1976 and 1995.

Many long-term visitor arrivals to Australia become settlers. In 1995, as in 1986, 19% of all long-term visitor arrivals to Australia had been born in Europe, mainly the United Kingdom and Ireland, Germany, France and the Netherlands.

S2.2 COUNTRIES OF BIRTH OF SETTLER ARRIVALS

Selected countries	1976(a) %	1995 %	1995 no.
Europe and the former USSR	44.8	27.6	26,742
UK and Ireland	30.2	12.8	12,367
Former Yugoslav Republics	2.6	7.6	7,387
Former USSR & the Baltic States	0.8	2.0	1,909
Germany	1.3	0.9	911
Italy	2.0	0.3	312
Greece	2.7	0.3	285

Total overseas born	857.6	744.2	1,286.5	2,130.9	2,718.8	3,247.4	4,122.3
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- (a) Included in the equivalent of Other Europe and the Former USSR.
(b) Includes other countries of birth.

Source: ABS, unpublished Census of Population and Housing data (1901-1986), Estimated Resident Population (1995p).

Emigration

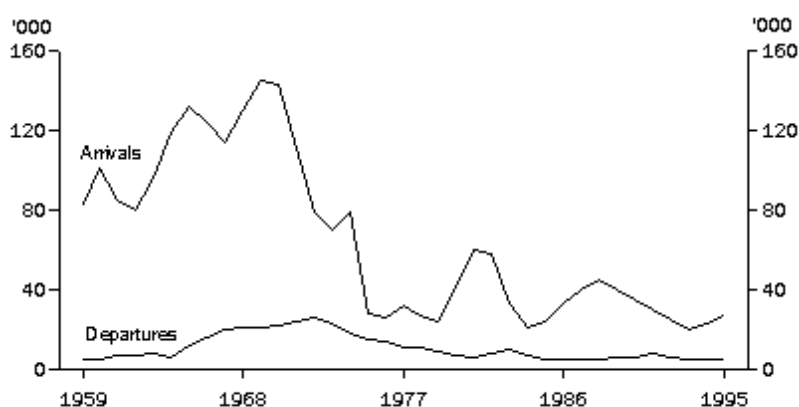
Some settlers emigrate from Australia after living here for a period of years. In 1972, emigration of European-born settlers peaked at 26,400. This was three years after immigration from Europe peaked at 145,400 settlers (see graph S2.4).

In 1995, 4,900 European-born settlers left Australia. This reflects the lower numbers of European immigrants in 1992, 1993 and 1994 (see Australian Social Trends 1994, 'Emigration', pp. 13-17).

There is no direct measure of the proportion of new settlers who emigrate within a year of their arrival. An approximation can be obtained by comparing the number of immigrants who arrived in one year with the number of emigrants departing in the same year, who stated that they had been in Australia for less than one year. Of the major birthplace groups in 1995, the largest ratio of former settlers emigrating within the same year came from the United Kingdom and Ireland (24 for every 1,000 settlers). This compares to 8 of every 1,000 other Europeans.

Some emigrants spend most of their working (and tax paying) lives in Australia, then return to their country of birth, or another country, after retirement. In 1995, 34% of the European settlers leaving Australia had lived here for 20 years or more.

S2.4 PERMANENT ARRIVALS AND DEPARTURES OF EUROPEAN-BORN SETTLERS



Source: ABS, unpublished Overseas Arrivals and Departures data.

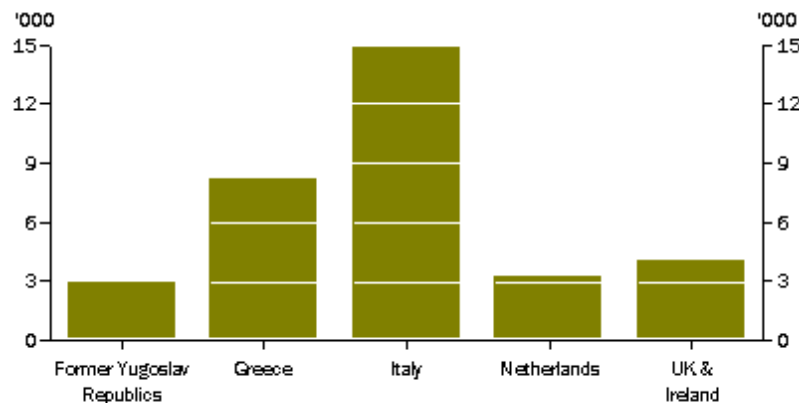
Overseas pensions

Australia pays full or partial pensions to many former Australian residents overseas, particularly in Europe, under shared responsibility agreements. In 1996, 40,800 pensions (86% of all pensions paid overseas) were paid to European residents; 14,900 (32%) were paid to Italian residents and 8,200 (17%) were paid to Greek residents (see graph S2.5). The majority (88%) of pensions paid

to European residents were age or disability support pensions.

Data relating to overseas pensions do not identify all Australians receiving pensions overseas, as some countries, such as New Zealand and the United Kingdom, have host country agreements with Australia to pay pensions to Australian former residents, while Australia pays pensions to their former residents living in Australia. These agreements do not include portability arrangements for some Australian residents who qualify for a pension in Australia and subsequently migrate to another country, taking their pension with them.

S2.5 DISTRIBUTION OF AUSTRALIAN PENSIONS PAID TO OVERSEAS RESIDENTS, June 1996



Source: Department of Social Security, *DSS Customers: A Statistical Overview, 1996*

Europeans visiting Australia

Although the number of permanent settlers from Europe has dropped markedly since earlier this century, the number of Europeans visiting Australia has increased. In 1995, 752,000 short-term visitors arrived from Europe, over twice the number (347,000) in 1986.

However, most short-term visitors to Australia came from Asia (1.9 million in 1995). Thus, while the number of European visitors has increased, their proportion of all visitors has declined over the last decade (from 24% to 20%). Graph S2.7 shows short-term visits of Europeans to Australia and of Australians to Europe as a proportion of all visits to and from Australia.

People travelling to and from Australia are asked to give the main reason for their trip. In 1995 almost half (49%) of all European visitors came to Australia for a holiday and 34% came to visit relations or friends (see table S2.6). Most of the remainder (11% of all European visitors) came for business or employment purposes. This pattern has changed since 1986, when there were proportionally fewer visitors coming to Australia for a holiday. Between 1986 and 1995 the number of European visitors coming to Australia for a holiday nearly tripled, while the number coming to visit family or friends almost doubled (see graph S2.8).

Source countries of short-term visitors from Europe varied somewhat from those of permanent settlers. Approximately half of both settlers and visitors from Europe were from the United Kingdom and Ireland in 1995. However, 17% of short-term visitors were from Germany and 5% were from each of Italy, Switzerland, France and the Netherlands.

In 1995, the United Kingdom and Ireland were the only countries in Europe from which more visitors came to visit relatives and friends (46%) than for a holiday (39%). In comparison, 73% of Swiss visitors and 71% of German visitors came for a holiday. Some 18% of French visitors came

for business or employment reasons compared to an average of 11% for all European visitors. However, of all European visitors who came for business or employment reasons, 44% came from the United Kingdom and Ireland and 12% came from Germany.

S2.6 REASONS FOR SHORT-TERM VISITS TO AUSTRALIA BY EUROPEANS, 1995

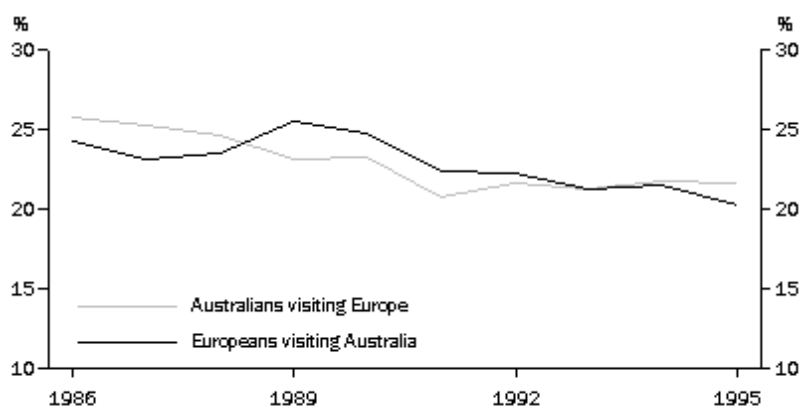
Country of residence	Business/ employment(a) %	Relations/ friends %	Holiday %	Total(b) %
Europe and the former USSR	11.4	33.8	49.3	100.0
UK and Ireland	10.5	46.3	39.0	100.0
Germany	8.3	15.7	71.3	100.0
Italy	12.9	25.5	54.9	100.0
Switzerland	6.8	14.4	73.0	100.0
France	18.4	18.9	54.1	100.0
Netherlands	10.6	36.6	47.1	100.0

(a) Includes visits for conferences and conventions.

(b) Includes other reasons.

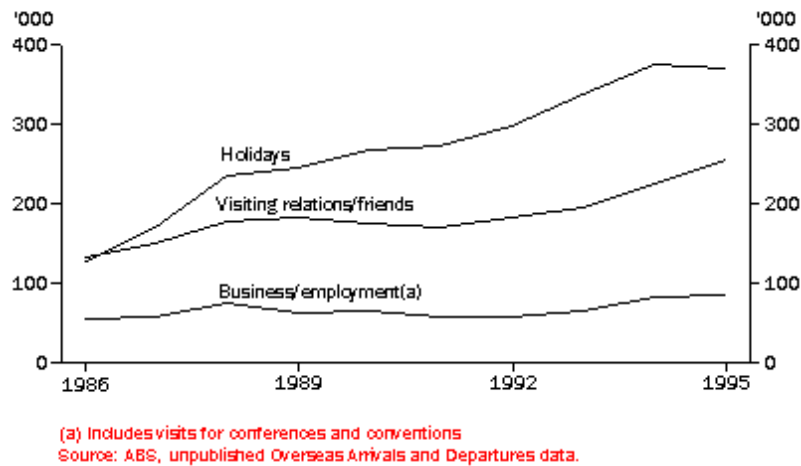
Source: ABS, unpublished Overseas Arrivals and Departures data.

S2.7 SHORT TERM VISITS TO AND FROM AUSTRALIA, Proportion of All Visits To and From Australia



Source: ABS, unpublished Overseas Arrivals and Departures data.

S2.8 REASONS FOR SHORT TERM VISITS TO AUSTRALIA BY EUROPEANS



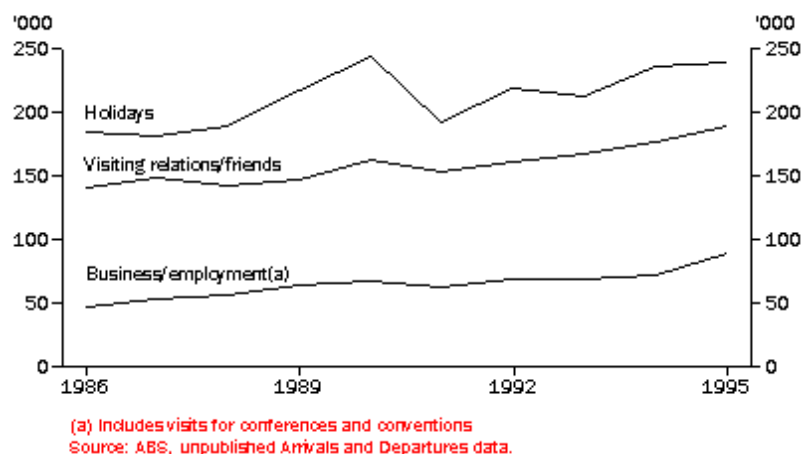
Australians visiting Europe

As with the number of European visitors to Australia, the number of Australians visiting Europe has also increased. Between 1986 and 1995 visitor numbers grew by 37%, from 397,000 to 544,000. In comparison, 939,000 Australians visited Asia in 1995, up from 497,000 in 1986. As a proportion of all departures, trips to Europe declined from 26% to 22% (see graph S2.7).

As graph S2.9 shows, in 1995 most Australians visiting Europe did so for a holiday (44%) or to visit relations or friends (35%). 16% travelled for business or employment purposes. This pattern was similar in 1986 but the increase in the number of Australians visiting Europe for a holiday has not been as high as the increase in the number of Europeans visiting Australia for a holiday. Australians going to Europe for business or employment reasons increased from 46,900 in 1986 to 89,400 in 1995. The number of Europeans coming to Australia for short-term business trips also increased over the period, from 53,800 to 85,900.

The main destination of Australian visitors to Europe was the United Kingdom and Ireland. 52% of all Australians visiting Europe went to these countries in 1995. A further 9% went to Italy and 6% went to Greece and Germany. Around half of the visitors to the United Kingdom and Ireland, Greece, Italy and France were there for holidays. In comparison, one quarter of visitors to Germany were there for holidays, 33% were there for business or employment purposes and 36% were there to visit relations and friends.

S2.9 REASONS FOR SHORT TERM VISITS TO EUROPE BY AUSTRALIANS



Investment with Europe

The changes in Australia's relationship with Europe can be measured not only in the number of people moving between Australia and Europe, but also in the levels of trade and investment between Australia and Europe.

At 30 June 1995, Australia had \$141.2 billion invested abroad, 36% of that in Europe. At the same time, European investment in Australia made up 30% of total foreign investment in Australia (see table S2.10). The respective proportions were much the same in 1990. Thus in terms of investment our overall relationship with Europe has changed very little in these five years.

In 1995, the United Kingdom accounted for 19% of investment in Australia and 20% of Australian investment abroad. The only country in which Australian investment abroad was greater (and from which the investment in Australia was also greater) was the United States.

The European country with the highest investment in Australia, other than the United Kingdom, was the Netherlands. In 1995, 3% of foreign investment in Australia was from the Netherlands.

S2.10 AUSTRALIA'S INVESTMENT POSITION AT 30 JUNE 1995

	Australian investment abroad	Foreign investment in Australia
	%	
Europe and the former USSR	35.6	29.9
European Union	27.6	28.0
Belgium and Luxembourg	0.4	2.0
France	1.4	1.0
Germany	1.9	2.0
Netherlands	1.6	2.9
Italy	0.6	0.2
UK	19.6	19.0
Other European countries	7.9	1.9
Switzerland	0.6	1.8
Total all countries	100.0	100.0
	\$BILLION	

Europe	50.2	119.7
Total all countries	141.2	400.9

Source: Balance of Payments and International Investment Position, Australia (5302.0).

Trade with Europe

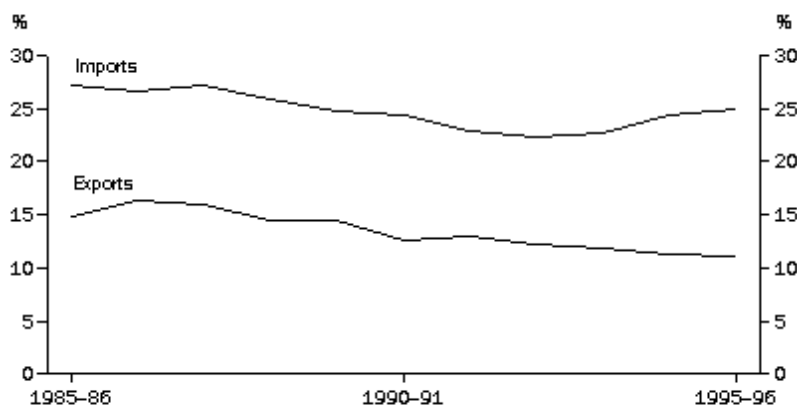
Overall, the proportion of Australia's trade with Europe throughout the last decade has declined slightly. In relative terms, our exports to the European Union have dropped from a peak of 16% of total exports in 1986-87 to 11% in 1995-96. Our imports from the European Union have also dropped, from 27% of total imports in 1985-86 to a low of 22% in 1992-93, before rising again to 25% in 1995-96 (see graph S2.11).

The balance of trade between Australia and the European Union has grown more in favour of the European Union as the gap between imports and exports has increased.

The United Kingdom continues to be an important trading partner, receiving 4% of our exports, while 6% of our imports came from there in 1995-96 (see graph S2.12). A further 6% of our imports came from Germany.

While the balance of trade remains in favour of the United Kingdom, the gap between imports and exports has narrowed over the decade.

S2.11 TRADE WITH THE EUROPEAN UNION AS A PROPORTION OF AUSTRALIA'S TOTAL FOREIGN TRADE



Source: International Merchandise Trade, Australia (5422.0).

S2.12 TRADE WITH THE UNITED KINGDOM AS A PROPORTION OF AUSTRALIA'S TOTAL FOREIGN TRADE



Source: International Merchandise Trade, Australia (5422.0).

Appendix 1

The Australian Standard Classification of Countries for Social Statistics (ASCCSS) (Cat. no. 1269.0) classifies Europe and the former USSR into six groups.

The United Kingdom and Ireland comprises England, Scotland, Wales, Northern Ireland, Channel Islands, Isle of Man and Ireland.

Southern Europe comprises Albania, Andorra, Cyprus, Gibraltar, Greece, Holy See, Italy, Malta, Portugal, San Marino, Spain and the former Yugoslav Republics (Bosnia-Herzegovina, Croatia, former Yugoslav Republic of Macedonia, Slovenia, Serbia and Montenegro).

Western Europe comprises Austria, Belgium, France, Germany, Liechtenstein, Luxembourg, Monaco, Netherlands and Switzerland.

Northern Europe comprises Denmark, Faeroe Islands, Finland, Greenland, Iceland, Norway and Sweden.

Eastern Europe comprises Bulgaria, Hungary, Poland, Romania, Czech Republic and Slovak Republic.

The former USSR and the Baltic States comprises Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, the Russian Federation, Tadjikistan, Turkmenistan, Ukraine and Uzbekistan.

Appendix 2: European Community

The European Community (EC) grew from the establishment of the European Coal and Steel Community in 1951, the European Atomic Energy Community and the European Economic Community, both in 1957 with six members: Belgium, Germany, France, Italy, Luxembourg and the Netherlands. From 1967 the three communities merged to form the EC. In 1973 Denmark, Ireland and the United Kingdom joined the EC, followed by Greece in 1981, Spain and Portugal in 1986 and Austria, Finland and Sweden in 1995.

Many other European nations have signed special agreements with the EC directly or through the European Free Trade Agreement (Iceland, Liechtenstein, Norway and Switzerland), and other European countries have applied to join the EC.

The EC was formed with the goal of creating a European Union (EU). It aims to set up a common

market in Europe 'where workers, goods and capital could circulate freely'(4). Thus far, this has included creating a European currency unit (which is expected to be available in 1999) and a European Parliament. A European passport is now in use, although it is still issued by the individual member country.

In this article European Union is used to denote the countries of the European Community.

Endnotes

1 Department of Foreign Affairs and Trade (DFAT), Australia's Trade with the European Union 1995, DFAT, Canberra, 1996.

2 Jupp, J. (ed.), The Australian People, for the Australian Bicentennial Authority, Angus and Robertson, 1988.

3 British nationals were not necessarily born in the United Kingdom and Ireland. Some may have been born in Commonwealth countries (other than Australia), such as New Zealand. Prior to 1959 nationality, not country of birth, was recorded for immigrants to Australia.

4 Eurostat, Europe in Figures, 2nd edition, Eurostat, Brussels-Luxembourg, 1989.

Source: Year Book Australia, 1998 (ABS Cat No. 1301.0)

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